

**DEPARTMENT OF VETERANS AFFAIRS**

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October 18, 2010

Elaine M. Howle, State Auditor  
Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, CA 95814

Dear Ms. Howle:

The letter forwards the Department's one year report (attached) on our progress in implementing your recommendations from the audit *California Department of Veterans Affairs: Although It Has Begun To Increase Its Outreach Efforts and to Coordinate With Others, It Needs to Improve Its Strategic Planning Process, and Its CalVet Home Loan Program Is Not Designed to Address The Housing Needs of Some Veterans* (Report 2009-108).

If you have any questions or need additional information please contact Jack Kirwan, Deputy Secretary for Administration at 916-657-4704 or [jack.kirwan@cdva.ca.gov](mailto:jack.kirwan@cdva.ca.gov).

Sincerely,

(Copy of signed letter available upon request)

ROGER BRAUTIGAN  
Secretary

Enclosure

cc: Senate Veterans Affairs Committee (6 copies)  
Assembly Veterans Affairs Committee (10 copies)  
Ted Puntillo, Deputy Secretary Veteran Services  
Jim Lowrey, Deputy Secretary Farm and Home Loans  
Jack Kirwan, Deputy Secretary for Administration  
Rick Buckman, President CACVSO

**HONORING CALIFORNIA'S VETERANS**

**California Department of Veterans Affairs**  
**One Year Report on Implementation of State Auditor's Recommendations**  
**Report 2009-108**

**Finding # 1:** Veterans Services provides minimal direct services to veterans, and is just beginning to improve its outreach activities.

**1.a Recommendation:** “before awarding additional funds, enter into formal agreements with the respective CVSOs specifying the allowable uses of these funds.”

**Status: Completed.** Formal agreements have been entered into with all six counties participating in the Prop 63 pilot project. No funds were distributed to counties until agreements were fully executed.

**1.b Recommendation:** “...that the department ensure that Veterans Services continues to pursue its various initiatives related to gathering veterans’ contact information and increasing veterans’ awareness of the benefits and services available to them.”

**Status: Completed.** Operation Welcome Home (OWH) was launched in January, 2010. This effort formalizes and strengthens the initiatives discussed in the audit report to ensure contact information is collected from active duty and veteran attendees at outreach activities such as Transition Assistance Program (TAP) classes, Yellow Ribbon Program events, and other outreach events. Veteran Services Division now has approximately 28,000 contacts in its database. This Governor’s initiative has formalized the relationship with EDD (as the primary source of contacts) and other state and local agencies to ensure that Veteran Services receives veteran contacts. OWH uses the veteran contact information to make structured personal contact with veterans to assist them with receiving the services and benefits they have earned.

**1.c Recommendation:** “...the department pursues efforts to update its Web site to ensure that it contains current, accurate, and useful information for veterans’ reference.”

**Status: Completed.** The Department has revamped and updated its Web site and has added staff to manage content.

**Finding # 2:** Veterans Services’ efforts to collaborate with other state entities are largely in the beginning stages, and it has not strategically assessed which entities to work with.

**2.a Recommendation:** “that the department ensures that Veterans Services implement a more systematic process for identifying and prioritizing the entities with which it collaborates.”

**Status: Completed.** The Veteran Services Division developed criteria for identifying and prioritizing which entities it collaborates; the criteria were approved by the Secretary. The high priority entities are part of the coordinated effort under the auspices of Operation Welcome Home.

**2.b Recommendation:** “the department ensures that, where appropriate, it enters into formal agreements with state entities Veterans Services collaborates with to ensure that it and other entities are accountable for the agreed-upon services and that these services

continue despite staff turnover, changes in agency priorities, or other factors that could erode these efforts.”

**Status: Fully Implemented and ongoing.** The Department has established formal agreements with state entities including the Departments of Mental Health, Health Care Services, General Services, Alcohol and Drug Programs, California Volunteers, and Motor Vehicles. Operation Welcome Home (OWH) established an overarching structure to further solidify the relationships. Implementation of this recommendation will be ongoing as the Department establishes new working relationships with state and local entities such as the agreement it recently executed with the Department of Motor Vehicles.

**Finding #3:** Veterans face various barriers in applying for C&P benefits and the department could more effectively communicate its concerns about these barriers to the U.S. Department of Veterans Affairs.

**3.a Recommendation:** “the department continues its efforts and formalizes these efforts as necessary, to communicate these concerns to the federal VA.”

**Status: Completed.** While the Department still participates in the more effective and influential efforts with national organizations such as the National Association of State Directors of Veterans Affairs, it has sent a letter to the Secretary of the U.S. Department of Veterans Affairs outlining our concerns with the claims process and providing suggestions for change.

**Finding #4:** Veterans Services and the CVSOs do not specifically share the same goal of increasing veterans’ participation in C&P benefits.

**4.a Recommendation:** “that Veterans Services formally communicate its goals to the CVSOs and work with them to reach some common goals related to serving veterans.

**Status: Fully Implemented and ongoing.** The department distributed hard copies of its Strategic Plan to the CVSO community in October 2009 and October 2010 at the fall training conference and specifically discussed its goal of increasing veterans’ participation in C&P benefits to the CVSO’s during a presentation at the same conference. Prior to the 2010 winter training conference, the Department conducted a survey of all CVSO’s which demonstrated that approximately 87% of CVSO’s agree that the C&P goal for Veteran Services Division is appropriate. While this finding is contrary to the audit report’s finding, the difference likely results from the small number of counties sampled during the audit report development. The January 2010 survey was anonymous and sampled approximately 75% of the counties.

Additionally, the department entered into a formal agreement with the California Association of County Veterans Service Officers (association) in December 2009. The agreement is for an indefinite period of time, and summarizes agreements reached by the association and the Department to establish a process by which both parties may seek input into the development of their respective strategic plans. In the agreement, both parties agreed to consider each other’s input in the development of goals and objectives

and recognized that neither has direct control over the goals and objectives set by individual counties, but agreed to foster common goals in order to provide a more consolidated effort to meet the needs of California's veterans.

In compliance with that agreement, the department and the association held meetings between the department's executive staff and the association's strategic planning committee at the October 2009 and the January, May, and October 2010 training conferences and will continue these meetings three times per year (spring, fall, and winter). These meetings are to discuss veteran needs, progress reports on accomplishing specific objectives, and other strategic issues. The Fall 2010 meeting occurred in September with the Legislative Committee to discuss common legislative objectives for the upcoming session.

CACVSO representatives participated in the Department's annual update of the strategic plan and its companion business plan, specifically as related to the Veteran Services Divisions goals, strategies, objectives and plans of action.

The Department distributed hard copies of the 2010 update to the Strategic Plan at the October 2010 CACVSO meeting and provided links to the on-line version of the business plan.

**Finding #5:** Additional information could enhance the department's ability to increase veterans' participation in C&P benefits.

**5.a Recommendation:** "that Veterans Services require the CVSO's to submit information on the number of claims filed for C&P benefits and information on their outreach activities. **Status: Under Implementation.** CDVA is implementing the Subvention Accounting Information System (SAIS) that was discussed in the audit. A new approach for deployment of this project was identified and implementation has been moved up by one year as compared to original projections identified in our Feasibility Study Report (FSR).

An MOU was executed with the vendor for the SAIS software and 15 new counties are voluntarily migrating from their current software application to SAIS under the provisions of the MOU. These first 15 counties will be migrated by Fall of 2010. This migration will bring the total number of counties in the SAIS system to 33 out of the 56 counties we oversee. The remaining 23 counties should be converted by Summer 2011 (assuming all 23 volunteer for the conversion). This will be a full year ahead of the projected timeframe in the FSR.

The SAIS will give CDVA the ability to expand its supervision of the claim activity right down to the individual veteran representative filing the claim. CDVA will be able to identify the number, quality and success of the claims filed at the county level. This will also allow CDVA to influence the quality of the claims and track outreach activities. CDVA's Operation Welcome Home initiative will be compatible with the SAIS and we

will be able to track the new veterans being discharged by entering them into our contacts database and then on to the SAIS. This will give us the ability to contact the veterans through out their life to update them on the rapidly changing VA benefit rules and regulations.

- 5.b Recommendation:** “that as Veterans Services expands its efforts to increase veterans’ participation in C&P benefits, it use veterans’ demographic information, such as that available through the U.S. Census Bureau, to focus its outreach and coordination efforts on those counties with the highest potential for increasing the State’s rate of participation in C&P benefits.”

**Status: Fully Implemented and ongoing.** Operation Welcome Home implemented this recommendation by focusing the establishment and activation of the regional collaborative on the areas which would have the most impact – San Diego, the Bay Area, Central Valley and Los Angeles. This will be an ongoing effort as CDVA implements other programs, or distributes future funding. For example, the Department has already opened discussions with CACVSO related to identifying new allocation schema in the event additional subvention funds are appropriated. The department’s Budget Change Proposal recommended criteria for distribution of those funds as grant awards if they are appropriated in the 2010-11; those criteria clearly identify demographic information that will be used for determining grant awards.

**Finding #6:** A new system may improve the collection and review of CVSO data, including information on claims for C&P benefits.

- 6.a Recommendation:** “Veterans Services continue its efforts to pursue the SAIM system to enable it to monitor the quantity and quality of claims processed by the CVSOs and ensures it meets legal requirements regarding auditing CVSO workload reports and verifying the appropriateness of college fee waivers. To the extent that Veterans Services is unsuccessful in implementing the SAIM system, the department will need to develop other avenues by which to meet its legal requirements.”

**Status: Implemented.** (Note: While the BSA Report refers to this project as the SAIM, the official project title in the final FSR was revised to the Subvention Administration Information System (SAIS). To ensure consistency with other documents on the project the Department will only be referring to this project by the official title submitted in the FSR/RER)

CDVA is currently deploying the Subvention Accounting Information System (SAIS) on a voluntary basis. A new approach for deployment of this project was identified and implementation has been moved up by one year as compared to original projections identified in our Feasibility Study Report (FSR).

An MOU was executed with the vendor for the SAIS software and 15 new counties are voluntarily migrating from their current software application to SAIS under the provisions of the MOU. These first 15 counties will be migrated by Fall 2010. This

migration will bring the total number of counties in the SAIS system to 33 out of the 56 counties we oversee. The remaining 23 counties should be converted by Summer 2011 (assuming all 23 volunteer for the conversion). This will be a full year ahead of the projected timeframe in the FSR.

**Finding #7:** The department did not adequately assess veterans' needs in preparing its strategic plan.

**7.a Recommendation:** "that the department conducts a formal assessment of those needs, including soliciting input from the CVSOs."

**Status: Fully Implemented and ongoing.** The Department has implemented three processes to assess veteran needs for use during its strategic plan development.

The first is a series of public hearings, known as All Hands Meetings, being held throughout the State to hear directly from veterans, families, local service providers etc as to their perception of veteran needs. Planning and execution of the hearings involves local veteran organizations and local governmental agencies that provide veteran services. These meetings highlight the role of the CVSO locally and allow the local leaders to highlight local needs through smaller forums that precede the public hearings. This is intended as an ongoing effort subject to budget and travel restrictions.

The second effort is a statewide survey to seek input from the community on veteran needs. This on-line survey began in February 2010 and closed data collection in mid-May. This survey sought input on veteran needs from three primary sub-groups: 1) active duty and veterans, 2) veteran family members, and 3) any resident interested in veteran issues. The Department has published an initial evaluation of the results. Additionally, the Department has executed an MOU with the County of San Bernardino to provide professional statistical analysis services. That report is expected to be published in early November.

The third effort was to conduct a survey of CVSO's just prior to the February 2010 training conference. This survey specifically asked the CVSO's "in your expert opinion, what are the top three needs for veterans?" The survey identified Health Care, Benefit Advocacy, and Employment as the top three priority needs for veterans.

The Department originally proposed a second more formal survey using a more robust sampling methodology as opposed to the convenience sampling discussed above. However, the solicitation was cancelled due to fiscal constraints. The Department will revisit this project as the fiscal environment improves.

The Department originally proposed a "kitchen cabinet" advisory group in its 60-day report but that effort has been subsumed by the interagency collaboration structured into Operation Welcome Home.

**Finding #8:** The department's strategic plan does not specify how goals will be met and lacks adequate measures for assessing progress.

- 8.a Recommendation:** "... the department develops measurable goals and objectives, as well as specific division action plans that directly align with the needs of the veteran community that it identifies in the plan."
- Status: Fully Implemented and ongoing.** The department published its new strategic plan in August 2009, and published a formal implementation plan that includes measurable goals, objectives, and plans of action in October 2009; these plans of action directly align with the goals identified in the plan. The Department will annually refine its strategic plan through incorporation of information developed through improvements in identifying the needs of California's veterans; this will be an ongoing process. This update was completed in July 2010; you may link to our website for copies of the [Fiscal Years 2010-2014 Strategic Plan](#) and its companion [Business Plan](#).

**Finding #9:** The department has not followed key monitoring procedures suggested by its strategic plan and Veterans Services' strategic plan does not align with the department's plan.

- 9.a Recommendation:** "to ensure it effectively measures progress toward meeting key goals and objectives, the department follows the provisions in its strategic plan requiring it to establish performance measures, conduct and document quarterly progress meetings, and publish annual performance measure reports."
- Status: Fully Implemented and ongoing.** The Department has established quarterly meetings to review progress in completion of the Business Plan that forms the basis for accomplishing its strategic goals. The Business Plan sets metrics, plans of action, and timelines to accomplish objectives that will lead to accomplishing strategic goals. Meetings were held in January and April and July to review FY 2010-11 quarterly progress on implementing our business plan. Results are posted on the Department's website at [June 2010 Progress Report](#). The Department has also published an annual report on major progress in implementing its objectives at [2009-10 Annual Report](#).

Additionally, a staff member has been assigned duties to implement and track this quarterly reporting process, as well as the development of the annual Strategic Plan update and publication of the annual report. The Department has published its annual update to the Strategic Plan and its companion Business Plan. . You may link to our website for copies of the [Fiscal Years 2010-2014 Strategic Plan](#) and its companion [Business Plan](#).

- 9.b Recommendation:** "the department eliminate Veterans Services' strategic plan or ensure that the plan is in alignment with the department's strategic plan."
- Status: Completed.** There is no separate Veteran Services strategic plan; all subordinate objectives have been incorporated into the Department's Strategic Plan.

**Finding #10:** Despite recent declines, Veterans' participation in the CalVet program may increase in the future.

- 10.a Recommendation:** "the department continues working with the Federal Housing Administration and the Ginnie Mae to lower its interest rates on loans."  
**Status: Denied by FHA.** FHA has denied the use of our Contract of Sale as not in compliance with federal statutes. CDVA's attorneys have prepared a legal rebuttal to the FHA denial.

**Finding #11:** The State's CalVet program would need to be redesigned to fund multifamily housing or to better serve homeless veterans.

- 11.a Recommendation to the Legislature:** "if it believes the department should play a larger role in funding multifamily housing for veterans, providing transitional housing for veterans, and addressing the housing needs of homeless veterans, it would need to modify or clarify state law to authorize the department to provide such services."  
**Status: Not within CDVA's scope.**